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White House warned about CIA arms link

By J. H. Doyle
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PORTLAND, Ore. — The Reagan administration was alerted early this year to possible CIA involvement in a secret June 1985 plan to sell F-4E fighter jets to Iran, said an Oregon businessman who sought approval to ship arms to Iran.

Richard J. Brenneke informed the senior military aide to Vice President George Bush, a senior State Department official and a Marine intelligence officer about the alleged CIA arms deal, according to Brenneke letters provided by the federal government in a New York arms-sales trial.

Mr. Brenneke acknowledged that he wrote the letters to U.S. government officials in an attempt to get permission for himself and his associates to sell arms to the regime of

Ayatollah Ruhollah Khomeini.

"I was not trying to bribe the [U.S.] government," Mr. Brenneke said in a telephone interview. "They've had that information long enough to evaluate it."

A CIA spokesman declined to comment on the Brenneke allegations.

According to the Brenneke letters — the first dated Nov. 30, 1985 — representatives from Iran backed out of the \$252 million deal to buy 39 jet fighters.

Mr. Brenneke also claims to have supplied "backup data" regarding his allegations to American intelligence officials in February through the use of a diplomatic pouch at the U.S. Embassy in Paris.

If true, the failed operation would place CIA support of U.S. arms sales

to Iran at an earlier time than Reagan administration officials have acknowledged. It also would place knowledge of the CIA's role in Iranian arms deals among a wider circle of government officials than first reported.

CIA Director William J. Casey has told congressional investigators that

his agency began supporting the flow of arms to Iran in November 1985 — two months before President Reagan signed a formal National Security directive authorizing the sales.

Mr. Brenneke's claims about the aborted F-4E jet sale have not been confirmed by other sources.

The Brenneke documents surfaced in pretrial discovery proceedings in a New York federal court case against 13 international businessmen and five firms charged with illegally conspiring to sell TOW anti-tank missiles, jet fighters and other weapons to Iran.

Several of Mr. Brenneke's letters were made public after the U.S. Attorney's Office in New York released the memos to defense lawyers in the arms case on Nov. 26. No charges have been brought against Mr. Brenneke.

The trial has been suspended because of recent revelations concerning official U.S. arms shipments to Iran. The U.S. Attorney's Office in New York has refused to comment on the Brenneke papers.

In his letters, Mr. Brenneke identified one of his business partners as John H. Delaroque, an American expatriate who lives in St. Tropez, France.

Mr. Delaroque has been indicted but not arrested in the New York case. In court papers, he is said to have identified himself as a retired army colonel.

Mr. Brenneke sent the Nov. 30, 1985, memo to at least three U.S. officials: Ralph R. Johnson, deputy assistant secretary of state for trade and commercial affairs; Lt. Col. E. Douglas Menarchick, the vice president's senior military aide; and Lt. Col. George L. Alvarez, a Marine intelligence officer.

Both Mr. Johnson and Col. Menarchick received the memo, along with other Brenneke materials, in January of this year.

Mr. Johnson, a career Foreign Service officer, is a school friend of Mr. Brenneke. They both graduated

in 1960 from Jesuit High School here and were members of the football and debate teams.

Col. Menarchick and Mr. Johnson did not return repeated telephone calls. Col. Alvarez declined to comment, but a Marine spokesman acknowledged that Col. Alvarez had received the Nov. 30, 1985, letter and forwarded it to "appropriate Defense Department officials."

In his memo, Mr. Brenneke contends that Iranian representatives abandoned the proposed aircraft

sale in October 1985 because they objected to the CIA's "impossible demands" and role in the transaction. He does not specify further.

It has been reported that CIA officials were anxious during the summer of 1985 to obtain the release of hostage William Buckley, the former CIA station chief in Beirut. Mr. Buckley is believed to have been tortured and killed by his captors, but his body has not been found.

Mr. Brenneke wrote that the U.S. government "agreed in principle" in June 1985 to supply 39 "new or remanufactured" F-4E fighter jets to Iran, which had requested 110 jets at "current fair market prices" as well as spare parts for the aircraft.

If true, this agreement was made two months before August 1985, the month in which Reagan administration officials have said the U.S. government first authorized Israel to send a shipment of American-made weapons to Iran.

Mr. Brenneke wrote that a CIA employee at the U.S. Embassy in Paris was designated to handle the "operational aspects of the transaction."

In the memo, he claims to have reviewed copies of telexes sent via

National Security Agency machines regarding the transaction but does not explain his access to these documents.

Telexes were exchanged between Iran's Bank of Melli in London and the Bank Lambert in Brussels, which handled up to \$5 million in U.S. funds placed as a performance bond, he said.

Iran's Central Bank and the City Bank in Dubai also were involved in the proposed aircraft sale, and Iran was required to post a \$3 million "proof of funds," he said.

Mr. Brenneke claims to have been "indirectly involved" in the failed transaction "through individuals in the Iranian government," including Ali Khamenei, president and head of Iran's Supreme Defense Council.

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Col. Menarchick of the vice president's office delivered a terse reply to Mr. Brenneke on Feb. 6: "The U.S. government will not permit or participate in the provision of war materiel to Iran and will prosecute any such efforts by U.S. citizens to the fullest extent of the law."

In his letters, Mr. Brenneke claims to have developed numerous business and intelligence contacts in Europe, the Middle East and East bloc nations.

But the Lake Oswego, Ore., businessman has a checkered past, and some of his information appears to be false.

In a memo dated Jan. 1, 1986, Mr. Brenneke wrote that Iran had placed

\$1 billion in Chemical Bank in New York to buy U.S. weapons. Yet a bank spokesman has said the account was set up by the Customs Service as part of a "sting" operation, and there was never more than \$100 in it.

At various times, Mr. Brenneke has served as a government informant in successful federal and state investigations, law enforcement officials said. He also has been the subject of federal inquiries.

Mr. Brenneke was an informant during 1969-70 in the largest Securities and Exchange Commission case in Oregon history, involving United Financial Group, an offshore oil conglomerate accused of fraud. He is credited with breaking that case.

In 1984-85, Mr. Brenneke was the subject of an FBI probe into an allegedly forged airplane title document that was used as collateral for a bank loan. The FBI withdrew when he settled out of court with the bank. The Oregonian reported.

In addition, the Customs Service has inquired about Mr. Brenneke's arms-trading activities. In February 1984, Mr. Brenneke's name and Portland telephone number surfaced in a weapons advertisement in a San Jose, Costa Rica, newspaper. Mr. Brenneke has denied placing the ad.

"That was somebody's idea of a practical joke," said his lawyer, Marine reserve Col. Richard H. Muller of Portland.

Mr. Brenneke owns a property management firm, and shares an ownership stake in a small Portland marina. He also has invested in airplanes. Before suffering recent health problems, he was a martial arts buff and pilot.

"He's a real enigma," said Dick Durham, a Lake Oswego City Council member-elect who met Mr. Brenneke last year. "He said he was a former pilot, a contract employee for [the CIA-associated] Air America in Southeast Asia."

Mr. Brenneke's lawyer declined to comment on Mr. Durham's statement, but said that his client had set up an Oregon firm named

"Air America" three or four years ago as a "an interesting joke." Mr. Brenneke has denied working for any intelligence agency.

The Brenneke papers include other questionable assertions, including these statements:

- In December 1985, Vice Adm. John Poindexter "issued verbal approval for the sale of 10,000 TOW missiles to Iran" which are "being purchased from Israel and will be shipped directly to Iran."

- The "Condor Demavend" project, "purportedly run by the U.S. government," has supplied Iran with war materiel since 1984.

- Iran offered to trade a captured Soviet T-80 tank, eight Soviet helicopters, "an unexploded Russian bomb" and intelligence information possibly linked to terrorist groups as part of any weapons deal.

- The Soviet Union is aggressively negotiating arms sales with Iran to help modernize Iran's air, naval and ground forces.

- Iran offered to provide the United States with information gathered near its eastern border with the Soviet Union by aircraft modified to accept sophisticated electronics equipment.

- In 1984, Iranian officials provided the U.S. government with a memo outlining a "pre-agenda" for talks leading to eventual normalization of U.S.-Iran relations.

In his letters, Mr. Brenneke also offered to assist in U.S. investigations regarding the sale of restricted technology to the East bloc, and the recovery of 1,500 TOW missiles taken from a U.S. depot.

He also requested licensing assistance in exporting other arms to non-Middle East clients.